

City of Craig

Craig Community Economic Development Strategy (CEDS)

Annual Report

March 2010



Craig Overall Economic Development Committee City of Craig

The 2009 Overall Economic Development Plan Committee Members and Staff met on March 10th and 11th, 2010 in the Craig City Council Chambers. During the two days of meetings the committee reviewed the projects currently on the list, proposed changes, and re-prioritized the list.

2010 Committee Members and Staff:

Jim Anderson, Craig Community Association
Kevin Barry, Silver Bay Seafoods
Mark Beardsley, Craig Planning Commissioner/Prince of Wales Properties
Jon Bolling, Craig City Administrator
Paul Coffey, Craig Volunteer Fire Department/Natural Resource Conservation Service
Jessi DuBray, Craig Community Association
June Durgan, Craig Community Association
Hugh Fleury, Craig Public Works Director
Tom Kirkman, Shaan-Seet Inc.
Roberta Landgren, Interisland Ferry Authority
Gary Lawton, US Forest Service
Joyce Mason, Craig Treasurer
Victoria Merritt, Craig Parks and Recreation Director
Donna Miller, Alicia Roberts Medical Center (SEARHC)
Millie Schoonover, Mayor, City of Craig
Jim See, Craig City Council
Brian Templin, Craig City Planner
Lonnie Walters, Craig Planning Commission
Marge Young, Craig City Council

The Craig City Council adopted the 2010 CEDS Annual Report on March 18, 2010.

Table of Contents

Local Strategies

Street Improvements	4
Utility Improvements	4
Harbor Improvements	5
Craig Public Safety Building	5
Fish Enhancement/Community Drinking Water – Water Source Imp.	6
Heavy Equipment Replacement	7
Recycling and Solid Waste Management (Cleaner and Greener Community)	7
Behavioral Health Services	7
Development of Cannery Site Uplands	8
Fishing Industry Value Added Input and Support	8
Prince of Wales Emergency Resources (POWER) Facility	9
Expand Biomass Heat Capacity and Distribution	9
Community College/Community Center/Vocational Training	9
Port St. Nicholas Road Upgrade	10
Indoor/Outdoor Recreational Facilities/Skate Park	10
Borough Discussion	11
Library Expansion	11
Residential Land Availability	11
Float Plane Terminal Access and Parking	12
Sunnahae Mountain Trail	12
Community Quota Entity	13
Craig – Klawock Separated Bike Trail	13

Regional Strategies

Solid Waste Facility/Recycling Program	13
Island Wide Economic Development Planning	14
Alternative Energy Resources	14
Borough Study (Pros and Cons)	15
Timber and Value Added Processing Input and Support	15
Emergency Planning	15
Island Wide Electrical Intertie	16
Peratrovich Airport Improvements	16
Bicycle and Pedestrian Paths	17
Paralytic Shellfish Poisoning Testing Laboratory	17
Vocational Training Center	17
Island Wide Recreational Vehicle Facilities and Campgrounds	18
Island Wide Transportation System	18
Shooting Range	18
ATV Trails	19
West Coast Kayak and Skiff Route	19
Golf Course	19

Economic Indicators

Population	20
School Enrollment	20
Sales Tax Collected	21
Building Permits Issued	21
Property Tax Assessment Trends	21
Taxable Property/Property Tax Levied	22

Development Strategies and Accomplishments

Following is a priority list of strategies developed by the Craig Economic Development Strategy Committee as a part of the Overall Economic Development Plan. Each item contains a brief description of the project and its impacts and details any activities that have taken place in the last 12 months.

Local Strategies

1. Street Improvements

Project Description: A number of the collector streets in Craig merit upgrading. The addition of sidewalks and asphalt surfacing will define property lines, provide safe places for pedestrians to walk, and lower street maintenance costs. In addition, reducing dust generated by traffic on dirt roads keeps adjacent homes and businesses cleaner, and improves air quality for those with asthma and other diseases that are exacerbated by ambient air particulates. Maintenance and upgrade of existing roads and intersections are major concerns.

Activity over the Last 12 Months: Nearly all of the underground improvements that will be affected by paving have been completed. Working with the tribe there is approximately \$3.6 million available for the project. In 2009 the city received final design for a number of streets and selected Southeast Roadbuilders as the prime contractor. A number of streets were completed in 2009 between work done by the tribe's construction crew and Southeast Roadbuilders under the contract. Not all of the streets in the first phase were completed and work will recommence this spring. Final designs were also received for phase 2 which primarily includes Beach Road and the remainder of Hamilton Drive. Increases in the cost of the materials and contracts will limit phase 2 to these streets and a small handful of other streets in town. Preliminary designs have been submitted for most other streets.

Current Activity: The city will continue to work with the tribe and Southeast Roadbuilders to complete phase 1 and will put phase 2 out for bid early this spring. The city is aggressively working with the state and federal delegations to secure an additional \$2 million to complete the remainder of the streets. At this point there are several options for funding which include potential use of stimulus funds under the jobs bill being considered in congress, a state legislative grant and funding under the federal transportation bill reauthorization. This item was the number one funding request during FY2011 state and federal capital project requests.

2. Utility Improvements

Project Description: Upgrades to Craig's water treatment/distribution and sewer systems are very important to maintaining health and safety. Due to the age of parts of the system and changing needs, the city needs to continually look at maintenance, repair and upgrade of Craig utilities. The water distribution system has had a high rate of water loss due to broken pipes in the system. A major leak caused the shutdown and rerouting of water distribution along the highway in East Craig.

Activity over the Last 12 Months: The city has continued to work on making the repairs and

improvements identified by staff and in long range planning documents. Most of the activity over the past twelve months was designed to complete underground improvements prior to paving. The city has exhausted almost all planned maintenance, upgrade and improvements identified in the current water and wastewater system master plans and is actively seeking funding to complete cleaning of sewer lines, television inspection of lines and updated master planning. The city is looking at some lift station replacements over the next several years.

Current Activity: Staff will continue to monitor the availability of funding and will continue engineering and construction work to accomplish identified utility projects. Staff will also work aggressively to secure funding for cleaning, inspection and master planning. This project was included in FY2011 funding requests to both state and federal delegations.

3. Harbor Improvements

Project Description: This project includes the development of a new harbor at the Ward Cove Cannery Site and upgrades to existing city harbor and boat launch facilities. Increased and improved harbor facilities will help relieve the crowded conditions and attract pleasure boats traveling through the area. Projected improvements include parking, additional harbor space, current harbor upgrades and improved navigation (i.e. breakwaters). In addition to the design and construction of a new harbor the city also works to constantly upgrade safety, access, efficiency and usability of existing harbors.

Activity over the Last 12 Months: The US Army Corps of Engineers announced that they had their half of the funding to conduct the environmental review, economic feasibility study and preliminary design of the new harbor at the Ward Cove Cannery Site. The city is working to secure funds for the non-federal match and complete the cost sharing agreement with the Corps of Engineers for the corps study. The city has been working on maintenance and upgrades in South Cove and other harbors in town.

Current Activity: The city will continue to pursue funding for completion of the Corps of Engineers studies and for ultimate design and construction of breakwaters and harbor space at the site. The city will also continue to work on upgrades to South Cove Harbor and the False Island Boat Launch during the upcoming year. Non-federal match funding has been requested from the state legislature during the FY2011 capital project requests.

4. Craig Public Safety Building

Current Situation: Existing public safety facilities in Craig are no longer satisfactory to provide adequate service to the community of Craig. The Craig Volunteer Fire Department (CVFD) is in the process of purchasing a fire truck to replace a 28 year old apparatus. The Craig's Emergency Medical Services (EMS) squad has two ambulances and has only parking facilities for one. The second ambulance is parked in an out-of-the-way location resulting in delayed response time for calls requiring a second ambulance. The current facility also does not allow for adequate storage of other equipment or supplies for either service. The Craig Police Department (CPD) provides public safety services and provides the State of Alaska with jail services and DMV services in a space only designed for the Craig Police Department.

Project Description: This project would result in the construction of a new Public Safety

Building which would include space for CPD, EMS, and CVFD. The building would include office space for Police Chief, Fire Chief, EMS Captain, police sergeant, a dispatch center, DMV office, classroom/conference room, temporary quarters with kitchen facilities, police interview rooms, and a jail. The aforementioned would be located on the second floor above a five- or six-bay garage for fire trucks and ambulances, and equipment storage areas for police, fire, and EMS.

Activity over the Last 12 Months: A scoping group consisting of the Craig Police Chief, Volunteer Fire Chief, EMS Captain, Treasurer, Planner and Administrator has begun meeting to discuss conceptual requirements, locations and designs of a new facility. Members of the scoping group have been looking at various sites for a new facility.

Current Activity: The scoping group will continue to work on a concept plan for the new facility.

5. Fish Enhancement/Community Drinking Water – Water Source Improvement

Project Description: Water source improvements will benefit the king salmon enhancement project and the community drinking water capacity. This project includes improvements and raising the dam at North Fork Lake, which is the municipal water source for Craig. Raising the water level will result in increased water flow to the king salmon hatchery located at Port St. Nicholas and will result in higher capacity for stored raw water for treatment and use by the City of Craig. Improving stocks of high value king salmon has benefits for all categories of fish users.

Increased populations of these fish will mean greater opportunities for commercial, subsistence, charter, and sport fishermen. Working in cooperation with the Prince of Wales Hatchery Association, king salmon stocks can be increased locally. By enhancing king salmon stocks, all fishermen will have access to more high value fish. In addition, those king salmon will not be counted toward the Southeast Alaska King Salmon Harvest under the Pacific Salmon Treaty, resulting in a net gain of available king salmon. The local charter and sport fishing sectors will benefit by increasing the number of popular king salmon available to charter customers and sport fishermen.

Activity over the Last 12 Months: The hatchery has been operating successfully now for three years and rearing king salmon for Port St. Nicholas and Coffman Cove. Silver Bay Seafoods operated successfully for their first season and increased the overall water demand substantially. The city has continued to look for funds to raise the dam at the water source.

Current Activity: The salmon hatchery will continue to hatch and rear zero-check fry for Coffman Cove and one plus fry for release at Port St. Nicholas. Early fish will be expected to come back to Craig in 2010 and by 2011 there will be a full run of fish consisting of three, four and five year old king salmon. The hatchery is also in the exploratory/feasibility phase of looking at alternative energy production using the raw water coming into the facility. The city is looking at using Forest Receipt funding to pay for the dam improvements, but due to changes in the distribution of certain classes of funding under this program this request will have to go through a Federal Resource Advisory Committee (RAC) for Prince of Wales Island. Currently there is an application pending for representatives of Craig to be part of this RAC but the RAC is not formed yet and its membership has not been announced.

6. Heavy Equipment Replacement

Project Description: This project consists of purchase of heavy equipment to replace aging and failing machinery. Craig maintains approximately 19 miles of roads, water treatment/distribution system, sewer collection/treatment, parks, facilities, parking lots, garbage collection and other municipal services. To accomplish these tasks the public works department maintains a small fleet of heavy equipment which includes garbage trucks, dump trucks, a bulldozer, a small backhoe/front end loader, sander, and plow. All equipment was originally purchased used and had significant wear when they were acquired. City maintenance personnel work to keep all of the equipment operational but many of the vehicles are reaching the end of their useful life and some, such as the bulldozer and backhoe/front end loader are near complete failure. In addition to routine tasks the front end loader and bulldozer have been used to clear landslides and road failures to the city's water treatment and water source in emergencies. In addition to current services the city will also need to purchase equipment to maintain the additional paved streets in town.

Activity over the Last 12 Months: The city has been working hard to maintain existing equipment. Recently the city was forced to purchase a used small backhoe to replace the existing one.

Current Activity: The city has identified equipment that is at or near complete failure and are a priority to be replaced. The city will also look at the priority and funding options for replacement of other equipment before it reaches the end of its useful life. A request was submitted to the state legislature as part of the FY2011 capital projects process to replace some of the highest priority equipment.

7. Recycling and Solid Waste Management Program (Cleaner and Greener Community)

Project Description: Due to increasing costs of solid waste disposal and renewed interest in recycling, the 2008 CEDS committee added this project to the list. This project is in the conceptual stages and will be further formed over the next twelve months.

Activity over the Last 12 Months: No action has been taken on this project in the past twelve months.

Current Activity: The City of Craig is working with the Craig Community Association and other communities to look at some recycling options. The city is also looking at ways to reduce the amount of sold waste in the current waste stream to reduce solid waste costs.

8. Behavioral Health Services

Project Description: With a long-term view to replacing and expanding the services previously conducted by COHO, several agencies and the Prince of Wales Health Network are working to provide mental health and substance abuse programs (behavioral health) and services on the island. At the moment there are no concrete projects formed but the City of

Craig will work to support other agencies working to provide these services.

Activity over the Last 12 Months: Most services previously done by COHO have been assumed by SEARHC, Community Connections and other healthcare providers and the Prince of Wales Health Network has been gathering information to complete a behavioral health needs assessment to further identify needs.

Current Activity: The city will continue to work with the Prince of Wales Health Network and area providers to meet the behavioral health needs of the city's residents.

9. Development of Cannery Site Uplands

Project Description: Development of this five acre upland parcel will greatly enhance the traffic flow, parking, appearance and commercial attraction to the downtown area. Primary development will probably include commercial and marine related development that supports the harbor development and downtown parking. Throughout the planning process for the site discussions included the potential of adding museum, visitor center, community center, or other public facilities as well as commercial development.

Activity over the Last 12 Months: The city has continued to work on the development of this area. In 2009 the city completed the sale of 7,500 square feet of the property to First Bank for expansion of their services. Subsequent to the land sale First Bank built a new building on the expanded site. The city allowed use of the industrial dock on the site to allow Seafood Producers Coop to land fish locally for transportation. The city also started the planning and concept design process for a new park at the west end of the property and completed some of the initial groundwork, specifically a new rock retaining wall along the beachline.

Current Activity: The city is continuing to work with the USFS to complete the sale of the Sunnahae property to retire some of the debt on the property. The city is also working with the congressional delegation on a recent appropriation in the HUD budget for \$332,500. This is partial reinstatement of a \$750,000 appropriation for additional debt repayment funding through HUD that was deleted from the appropriation process in 2006/2007. The city will also continue to gather input and move forward with the park/seaman's memorial at the west end of the property.

10. Fishing Industry Value Added Input and Support

Project Description: Reestablishing fish processing capability in Craig has been an important development step. The employment, fish processing tax, and selling point for commercial fishing boats all generate new income for the local private and public sector. That revenue increases payroll, and in turn the net amount of dollars circulating within the community. The net increase in raw fish tax receipts provides a revenue stream for maintenance and upgrade of the community's harbors that is now absent. In order to increase the infrastructure, add value to the area fisheries, provide economic flexibility to the local fleet and add local jobs to the community it is crucial that we upgrade fishing, fish processing and storage capabilities in Craig. Commercially available ice, fish processing capability and cold storage space are critical to increasing this industry in Craig.

Activity over the Past 12 Months: The city provided dock space at the Cannery industrial

dock to Seafood Producers Co-op (SPC) out of Sitka to land fish here. In addition to this landing area this was the first year of operation here for Silver Bay Seafoods at the new plant at False Island. Silver Bay processed approximately 15 million pounds of seafood last year and employed over 150 people at the peak of the season under the long term lease agreement with the city.

Current Activity: The city will continue to work with both SPC and Silver Bay to utilize city owned property to process fish in the 2010 season. The city will also work to continue to increase the quality and capacity of ice at the city's ice plant.

11. Prince of Wales Emergency Resources (POWER) Facility

Project Description: POWER, a non-profit group in Craig runs a thrift store, food bank and assistance clearing house in Craig. POWER is currently located in an old city owned building that is in need of major upgrade or replacement. This project would upgrade the current facility, construct a new facility or move POWER into a different facility.

Activity over the Last 12 Months: None.

Current Activity: This project is still in the conceptual stages.

12. Expand Biomass Heat Capacity and Distribution

Project Description: With the completion and startup of the wood fired boiler in 2008 the city is continuing to look for ways to make it operate more efficiently and to use excess capacity generated by the facility. Options include heating additional buildings and electrical co-generation. The city should continue to look for ways to maximize the use of the existing facility and look for other alternative energy sources such as development of a micro-hydro turbine at the water treatment plant to supplement traditional energy sources.

Activity over the Past 12 Months: The city has operated the facility for the past year. While there have been minor issues regarding the operation and there have been a number of short shut downs for repair or training the project is going very well. This last year saw a considerable impact on the amount of propane and oil used by the pool and school. There has been some interest in connecting the tribal hall to the system and using some of the current capacity to generate electricity.

Current Activity: The city will continue to make adjustments to the system to get it operating at full potential. The city will also continue to look at adding facilities or developing other uses for excess capacity.

13. Community College/Community Center/Vocational Training

Project Description: Establishing a community college program locally could provide a wide array of vocational, arts, and academic classes for residents. An associate degree program could allow local high school graduates the option of staying home for two years of a four-year program, reducing the cost of postsecondary education substantially. The Craig Community Foundation has completed a scope of work and a draft site plan for development of a community center at Crab Creek. The foundation envisions many of the projects on this

list, including a library, museum, a visitor center and college classes at the facility. A focus added during the 2008 CEDS process adds vocational training as a part of this project.

Activity over the Last 12 Months: The local school district superintendents have continued to discuss this issue and are moving forward toward establishment of a vocational training center.

Current Activity: None.

14. Port St. Nicholas Road Upgrade

Project Description: This project consists of survey, design, engineering and construction of road improvements along the current Port St. Nicholas Road corridor from the Craig-Klawock Highway to 5.5 mile on the Port St. Nicholas Road. Improvement of this road will reduce long term maintenance of roads and will improve driving conditions for residents of Port St. Nicholas.

Activity over the Past 12 Months: The Craig Community Association (CCA) has continued to work this project. The CCA has been working on the road reconstruction and realignment by force account. CCA has continued to work to secure additional funding to complete the project.

Current Activity: CCA will continue to work the funding issues to try to ensure that the current 5 ½ mile project is fully funded and completed. The City of Craig recently contracted with Southeast Roadbuilders to replace approximately 900' of water and sewer line along road corridor starting at the highway. Because of the amount of material that needed to be removed to install these lines the city is requiring that the contractor remove a substantial portion of the subexcavated road material and replace it with material suitable for the roadbed. The CCA is providing the matching grant funds (10%) for the utility project and will benefit from the fact that they will not have to subexcavate and replace roadbed material along this stretch of road.

15. Indoor/Outdoor Recreation Facilities/Skatepark

Project Description: The city provides recreational and fitness activities to the area residents at the aquatic center, city gym and other facilities in town. This value is a strong part of the quality of life of Craig residents and staff is always looking to expand the available services and opportunities to area residents. Among the proposed expansions is a racquetball court and expanded physical fitness facilities at the Aquatic Center, skate park and others.

Activity over the Last 12 Months: Working with SEARHC the community garden has been operating for several years now at the old water tank site on Water Tower Road.

Current Activity: City staff will continue to look for potential funding for expansion of the aquatic center and will move forward as funding becomes available. Staff will also look at other recreational opportunities as they present themselves.

16. Borough Discussion (Pros and Cons)

Project Description: From time to time discussions surface as to the merits of forming an island borough. However, a lack of understanding of the consequences of borough formation results in action on the issue ending at the initial discussion level. As discussions go on at an island wide level it is important for the City of Craig to look at effects of borough formation on the city itself.

Activity over the Last 12 Months: Communities on Prince of Wales Island have watched as the Ketchikan Gateway Borough annexation was approved by the Local Boundary Commission and was allowed to take effect by the state legislature. In addition to the Ketchikan Gateway Borough Annexation the region also saw Wrangell approve a new borough and is seeing efforts by others to form boroughs.

Current Activity: Craig city staff continues to closely monitor borough issues in the legislature, governor's office and the Local Boundary Commission. The city will continue to weigh the benefits and drawbacks of conducting an independent study on the feasibility of borough formation.

17. Library Expansion

Project Description: The current library space is full with no room for much needed expansion. As the city develops property related to other projects relocation of the library to another facility or construction of a new library needs to be considered.

Activity over the Last 12 Months: The library has analyzed survey data collected during 2007 and is continuing to look at renovation alternatives.

Current Activity: The library staff and board will continue looking at alternatives for renovation or new construction to meet current and future needs.

18. Residential Land Availability

Project Description: Due to community growth and the land-locked nature of the City of Craig there is limited residential land available for development. In addition to small undeveloped areas in Craig there are two large undeveloped tracts and a small city subdivision which are currently zoned for residential development. The western half of Cemetery Island is owned by Shaan-Seet and is zoned residential. This tract may be developed into numerous prime residential lots in an area that is currently undeveloped. Tract 18 of USS 2611 in East Craig is owned by the Craig Community Association and may yield as many as eleven residential lots in the middle of a residential neighborhood. The city owns seven undeveloped lots that make up the Salmonberry Subdivision on the Port St. Nicholas Road

Activity over the Last 12 Months: The city has been working to design utility installation for the Salmonberry Subdivision.

Current Activity: The city will continue to work on the Salmonberry Subdivision.

19. Float Plane Terminal Access and Parking

Project Description: The State of Alaska has turned over ownership and operation of the float plane terminal property in Craig to the city. Reopening this facility has improved the appearance of the float plane terminal, has been a benefit to travelers, and has allowed local air carriers to operate more efficiently. Continued work on this project would include improvement of parking at the facility and continuing to analyze the feasibility of access along the Eighth Street corridor.

Activity over the Last 12 Months: Operations of the float plane facility are going well. Both tenants appear to be satisfied with the facilities and utility bills are under control. The city included environmental permitting for the access road and parking lot in the street improvement project. In addition to Promech and Pacific Airways the city recently approved an access permit to Taquaan Air to use the old mechanical room as a staging area for their local staff and freight.

Current Activity: At this time the access road and parking lot appear to be low on the priority list, but if funds allow, they may get paved as part of the current improvement projects.

20. Sunnahae Mountain Trail

Project Description: Currently, the Sunnahae Trail is in the tail end of an extensive land conveyance process. The Sunnahae Trail was constructed over twenty years ago on extremely steep ground. The condition of the trail has deteriorated significantly over this time and is now in a state of disrepair that can be dangerous to hikers. Hence, upon completion of the land acquisition between the Forest Service and the City of Craig, the Forest Service will have to close the trail for safety and liability reasons until it can be reconstructed. The Forest Service is committed to reconstructing the Sunnahae Trail as soon as funding is available. It is estimated that complete reconstruction of the Sunnahae Trail will cost between \$700,000 to \$1 million. The Sunnahae Trail is approximately $\frac{3}{4}$ -mile long and climbs over 2000 feet to an exquisite open muskeg system, with excellent views of the City of Craig, its surrounding waters and the Prince of Wales Outer Islands. Accessible by foot from the City of Craig, the Sunnahae Trail supports Prince of Wales Island tourism by providing a high value recreation opportunity and a nearby place for local residents to hike, get exercise and spend some time in the natural environment. Seeking grant funds and partnership funding would be a strategy the Forest Service would employ.

Activity over the Last 12 Months: The city is working to complete the sale of the property to the US Forest Service. The city and Forest Service have been working to secure funding to bring the trail up to USFS standards.

Current Activity: The city and Forest Service will continue to work to secure trail reconstruction funding. The Forest Service will be approaching the owner of the surrounding land, Shaan Seet Inc., about the possibility of expanding or realigning the trail corridor to allow for more switchbacks and an overall reduced grade of the trail.

21. Community Quota Entity

Project Description: The project is the purchase of halibut quota shares by the Prince of Wales Island Community Holding Corporation (POWICHC), a non-profit corporation representing the City of Craig in the Community Quota Entity program. The Community Quota Entity program was enacted by Amendment 66 to the National Marine Fisheries Service rules. Craig quickly took the lead in the state in participation in this program. The city completed formation and approval of the POWICHC as a Community Quota Entity under amendment 66. As the charter fleet moves toward an IFQ system the CQE will also work under any new rules to analyze incorporation of charter fishermen into the system.

Activity over the Last 12 Months: Staff has continued to look for funding sources for the CQE program.

Current Activity: Recently the Gulf of Alaska Coastal Community Coalition (GOAC3) have been working with state legislators to establish a workable loan or grant program to allow for quota purchase by CQEs. Recent visits with our state legislators have included favorable discussions on this proposal. GOAC3 hopes to see some program and associated funding approved in the current legislative cycle. Staff will continue to monitor these opportunities and will work with state legislators and staff if a program is approved.

22. Craig – Klawock Separated Bike Trail

Project Description: This project includes the construction of a separated trail along the Craig – Klawock Highway. The trail would start at the Craig High School and run parallel to the highway approximately seven miles into Klawock. The trail would be used by bicycles, runners and hikers.

Activity over the Past 12 Months: No direct action has been taken on this project in the past twelve months. There have been several agencies including Western Federal Highways who have looked at the possibility of a separated trail in this area. The project was added by the Craig City Council in 2008.

Current Activity: This project is still in the conceptual stages.

Regional Strategies

1. Solid Waste Facility/Recycling Program

Project Description: The local landfill transships solid waste to a landfill in eastern Oregon. Initially, the landfill, operated by the City of Klawock, and used primarily by the cities of Craig and Klawock, anticipated changing their disposal method from landfill to incineration. However, Klawock has moved away from incineration after hearing reports of unsatisfactory results in other southeast communities. There is some interest in the region in developing a SE Alaska solid waste site to serve the area's communities, almost all of whom now transship their municipal solid waste to points in Washington and Oregon. The effort to find a regional solid waste facility should continue through feasibility and site studies. In 2008 the CEDS committee added a recycling program component to this project to encourage regional

recycling efforts in relation to solid waste disposal.

Activity over the Last 12 Months: Communities and Southeast Conference have continued to look at alternative methods of dealing with municipal wastes. During the 2009 Municipal Elections the residents of Craig recommended creation of a regional solid waste authority to deal with this problem. The city council adopted a resolution forming the Southeast Alaska Solid Waste Authority (SEASWA). Petersburg, Thorne Bay and Wrangell conducted similar public advisory votes and adopted similar resolutions. These four communities have appointed representatives and currently make up the membership of the authority.

Current Activity: SEASWA is currently doing mostly formative work and initial planning. Ultimately the authority will work to resolve regional solid waste disposal issues.

2. Island-Wide Economic Development Planning

Project Description: With a wide array of common economic and social issues facing all the communities on Prince of Wales Island, a coordinated, Island-wide effort to address these issues is merited. The obvious place to begin is with an update of the 1992 Prince of Wales Economic Development Strategy produced by C.L. Cheshire and funded by a grant from the U.S. Forest Service. Economic development planning is a critical part of long term, comprehensive development on Prince of Wales. Recent cuts to commercial halibut quota, changes to the charter industry, severely curtailed logging activities, higher costs of doing business on Prince of Wales and the overall downturn in the economy make good, solid, comprehensive economic development planning critical for the island.

Activity over the Last 12 Months: The City of Craig has deferred to the Prince of Wales Community Advisory Council as lead organization on this project. Over the last 12 months POWCAC invited various people to speak on economic development issues but has not yet begun to develop a comprehensive economic plan for the Island.

Current Activity: City staff will look at the feasibility of conducting an island wide economic summit in the next couple of years. Staff will also look for funding to have a new economic development plan written.

3. Alternative Energy Sources

Project Description: With the high and increasing cost of fuel there has been a major impact in gas, home heating, electricity, transportation and purchase of consumer goods. Biomass, wind, hydro and other alternative fuel and power sources are becoming more and more feasible and prudent given the high cost of fuel. The CEDS Committee would like to see some exploration of alternative energy and fuel sources. One of the focuses for alternative energy should be a wind power feasibility study of likely areas on the island.

Activity over the Last 12 Months: The City of Craig has continued to operate the wood fired boiler system in Craig. This boiler uses wood waste to heat the municipal pool, elementary school and middle school and has significantly reduced fossil fuel use for these facilities.

Current Activity: POWCAC and communities will continue to look at various alternative energy sources.

4. Borough Study (Pros and Cons)

Project Description: Prince of Wales Island is in Alaska's unorganized borough. Put another way, no borough-level government exists on the island. From time to time discussions surface as to the merits of forming an island borough. However, a lack of understanding of the consequences of borough formation results in action on the issue ending at the discussion level. A comprehensive analysis of the changes brought about by the formation of a Prince of Wales Island Borough is necessary to give island residents a complete look at what borough formation would mean, and whether or not it is in the island's best interest to organize in that manner.

Activity over the Last 12 Months: Communities on Prince of Wales Island have watched as the Ketchikan Gateway Borough annexation was approved by the Local Boundary Commission and was allowed to take effect by the state legislature. In addition to the Ketchikan Gateway Borough Annexation the region also saw Wrangell approve a new borough and is seeing efforts by others to form boroughs.

Current Activity: Craig city staff continues to closely monitor borough issues in the legislature, governor's office and the Local Boundary Commission. The city will continue to weigh the benefits and drawbacks of conducting an independent study on the feasibility of borough formation.

5. Timber and Value Added Processing Input and Support

Project Description: With the overall decline of the timber industry it becomes more and more critical for municipalities to support a marketable level of timber harvest and development of added value industries.

Activity over the Last 12 Months: The City of Craig has been very active in timber related issues over the past year. There have been significant discussions on the Sealaska land exchange bill, initial briefings on the Alaska Mental Health Trust proposal to exchange land for timber land on Prince of Wales Island and on environmental litigation against current timber sales and other issues within the US Forest Service.

Current Activity: The Logjam Timber Sale near Coffman Cove has generated a lot of interest. Currently there is litigation to stop the sale from occurring. The City of Craig is filing an *amicus* (friend of the court) brief in support of the Forest Service with the hope the court will find that the Forest Service conducted a complete environmental review and that the timber sale will continue. Craig city staff will continue to monitor timber sale availability relative to local demand and will seek ways to develop or enhance the value added timber industry in Craig. Staff will also work with the USFS to seek ways to diversify the use of local timber.

6. Emergency Planning

Project Description: Preparedness for emergencies and response to them has critical economic impact. The local emergency planning committee has been charged with the responsibility of preparing draft emergency response plans for area communities. Adoption

and implementation of plans are completely at the discretion of each individual community.

Activity over the Last 12 Months: The Southern Southeast Local Emergency Planning Committee (SSLEPC) has continued to meet and work on community emergency response plans.

Current Activity: The SSLEPC continues to work on draft emergency plans for communities to consider adopting. The committee will also help to arrange training in emergency management issues and will help to plan community and area wide exercises to test response capabilities. The City of Craig plans on rewriting its emergency operations plan.

7. Island-Wide Electrical Intertie

Project Description: The Alaska Energy Authority, with the Denali Commission, is considering an on-island intertie between the existing electric grid serving (Craig, Klawock and Thorne Bay), and the communities on the north end of the island. Doing so will reduce kilowatt hour costs in the north end communities by about one half, resulting in significant cost savings for north end rate payers. Connecting the Island's electric grid to the east side communities of Coffman Cove and Whale Pass also provides two additional connection points for an eventual tie into a region-wide intertie in Southeast Alaska. This project also includes connection to the proposed Reynolds Creek Hydro site.

Activity over the Last 12 Months: AP&T has continued to extend lines on the island. Work also continues on finding funding and completing design and permitting for the proposed Reynolds Creek Hydro project near Hydaburg.

Current Activity: The City of Craig continues to work with Southeast Conference and other communities on the electrical intertie project. Recently AP&T has been working to complete permits and start adding poles and lines to connect Naukati and Coffman Cove to the Black Bear Hydro Grid.

8. Peratrovich Airport Improvements

Project Description: The State of Alaska-owned airport near Klawock, formally called the Frank Peratrovich Airport, is a critical piece of island infrastructure. The facility's 5,000 foot long paved runway can accommodate many classes of passenger and freight aircraft. Regular air freight service from the airport to markets in the continental U.S. or on to the east via Anchorage can increase the price paid to local fishermen by selling their product on the fresh market, rather than selling to cold storage buyers for eventual sale in the frozen or processed markets.

In addition, scheduled air passenger service to and from the island would eliminate the expensive, unpredictable and all-too-often unpleasant travel required to board the jet in Ketchikan.

The airport runway is already long enough for jet cargo and passenger service. The State of Alaska last year contracted for the installation of a security fence along the airport perimeter. The presence of a perimeter fence and the installation of an instrument approach provide two important prerequisites for introduction of jet passenger service to the island. Other physical

improvements, as well as promotion of the airport, are necessary to bring regular jet service to the island.

Activity over the Last 12 Months: The airport has continued to fill areas for expansion and is continuing planning for additional improvements based on the completed update to the Klawock Airport Master Plan.

Current Activity: Analysis, funding and improvements will continue this year. Potential improvements include resurfacing the runway and continuing to fill expansion areas.

9. Bicycle and Pedestrian Paths

Project Description: With the improved ferry service to the island, additional interest in a tourist industry that caters to the independent traveler, and the focus in recent years on improving Prince of Wales Island's road system, there is merit in including in road designs bicycle and pedestrian paths along the island's main roads. Such improvements are useful not only to seasonal tourists and to the annual POW marathon, but also to local residents. The paths would increase transportation alternatives and may help facilitate new businesses.

Activity over the Last 12 Months: No local activity has taken place on this project in the past twelve months.

Current Activity: Area residents continue to seek bicycle and pedestrian paths in and around Craig. The city will continue to work with the State of Alaska and the Federal Highway Administration to extend the existing bike path.

10. Paralytic Shellfish Poisoning Testing Laboratory

Project Description: Prince of Wales area waters contain commercial quantities of shellfish. In addition, a number of shellfish farms exist that culture product for commercial markets. Prior to their sale to retail markets, all of these species must be tested for paralytic shellfish poisoning (PSP). PSP occurs periodically and unpredictably in both wild and cultured shellfish stocks. The only PSP laboratory in Alaska is in Palmer. Shipping product to Palmer can take several days depending upon weather conditions. These several days delay the shipping of the harvested shellfish to market. Having a PSP laboratory in Southeast Alaska will reduce the time between when shellfish is harvested and when it can be tested for PSP. This will get the fresh product to market sooner, and ultimately fetch a higher price for shellfish producers.

Activity over the Last 12 Months: No activity has taken place on this item in the past twelve months. The community of Naukati continues to develop infrastructure for aquatic farming (primarily oysters and clams) but no PSP testing facility is available on Prince of Wales.

Current Activity: This project is still in the developmental stages.

11. Vocational Training Center

Project Description: Post-high school education is important to our area. The ability for local graduates, industry workers looking to enhance their skills and marketability and displaced workers in the timber and fishing industries to receive vocational training is

important. This project is to encourage development of vocational training in the area for these target populations.

Activity over the Last 12 Months: Island school districts have been working to bring select vocational training programs to the island and to form a plan for a centralized vocational training facility on the island.

Current Activity: The island school districts will continue to take the lead in developing vocational training opportunities with a long term view of creating a vocational training center.

12. Island Wide Recreational Vehicle Facilities and Campgrounds

Project Description: With the island roads being upgraded, existing ferry availability to Hollis there should be an increase in self directed tourism on the island. In order to meet this increase in traffic the establishment of RV facilities and campgrounds on the island is necessary. The U.S. Forest Service has property at El Capitan and at Labouchere Bay, either one of which could be developed into prime campground sites. A north end campground facility would provide a destination for independent travelers on the island. The committee supports private and public development of such sites.

Activity over the Last 12 Months: None

Current Activity: This project is in the conceptual stages.

13. Island-Wide Transportation System

Project Description: With the advent of daily ferry service by the Inter Island Ferry Authority (IFA) and with great growth potential at the Island's airport, an effort to organize and plan for passenger and freight transportation needs is needed. An integrated system will allow for orderly growth and ideally encourage on-island businesses to meet anticipated needs. Additionally, the document will qualify the Island for mass transit and other grant programs geared toward moving people and freight between the various transportation modes.

Activity over the Last 12 Months: The IFA has suspended the north end ferry run due to lack of customers.

Current Activity: CCA will continue to develop a draft program and seek funding. IFA will continue to look at options for reestablishing the northern run, or alternative uses for the second ferry.

14. Shooting Range

Project Description: Development of a multi-user shooting range on Prince of Wales.

Activity over the Last 12 Months: None

15. ATV Trails

Project Description: With a large number of resident all terrain vehicle users and with increasing visitors to the island there is some interest in developing ATV trails across the island.

Activity over the Last 12 Months: None. This project is new to the list in 2009.

Current Activity: None.

Current Activity: This project was new to the CEDS list in 2007 and is in the conceptual stages.

16. West Coast Kayak and Skiff Route

Project Description: A west coast kayak and skiff route, from Prince of Wales Island to points north, would add another dimension to the seasonal tourism market. Campsites on national forest or private land placed along the route at intervals equal to a day's travel would allow boaters the opportunity to camp along the route while also staging in the west coast communities along the way. The simple infrastructure required by the program would add an attractive new opportunity for recreation in the area.

Activity over the Last 12 Months: The Forest Service has continued to include recreation facilities that will make this project possible.

Current Activity: None at this time.

17. Golf Course

Project Description: Development of a golf course on Prince of Wales.

Activity over the Last 12 Months: None

Current Activity: This project was new to the CEDS list in 2007 and is in the conceptual stages.

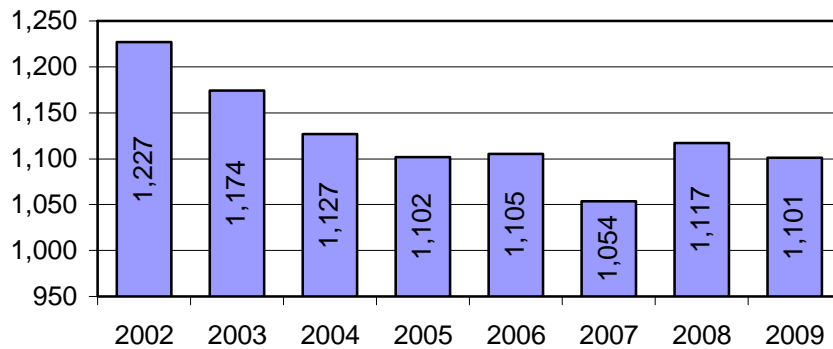
Economic Climate

Staff has looked at some economic factors to develop a quick, rough set of economic trends for the City of Craig over the last several years. We used six factors to look at the economic trends of the city. Those factors were: population, school enrollment, sales tax, building permits, property assessment trends and taxable property/property tax levied. Although these are not enough to provide detailed analysis, they are enough to get a quick idea of the trends.

Economic Factors Analyzed:

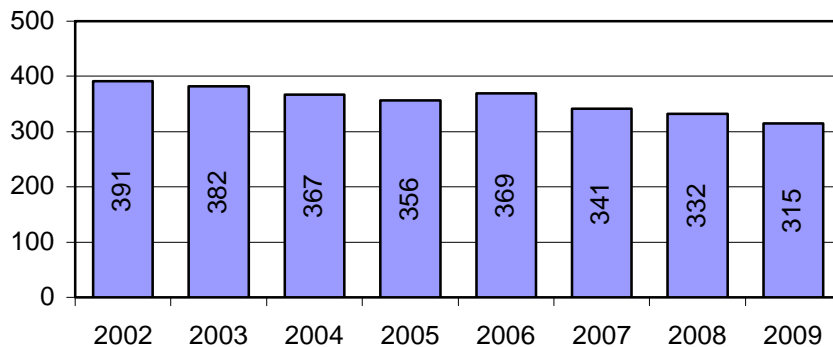
Factor 1: Population figures used by the State of Alaska for the last seven years are as follows:

Population



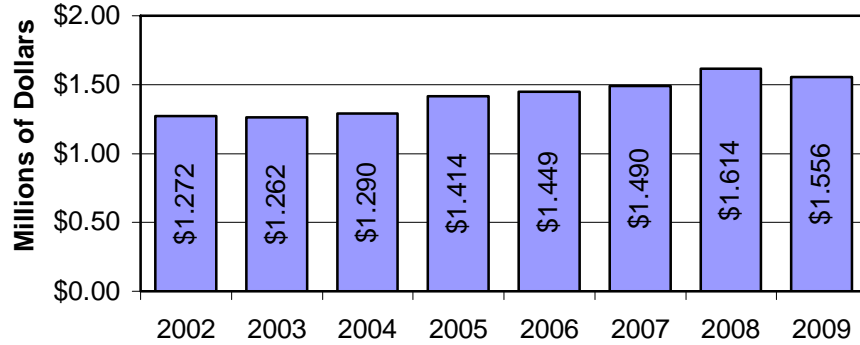
Factor 2: School Enrollment. Total enrollment of local students (excluding correspondence and cyber students) in the Craig City School District is as follows:

School Enrollment



Factor 3: The city assesses 5% sales tax for goods and services and 6% sales tax on liquor in the City of Craig. Annual sales tax revenues are as follows:

Sales Tax Collected



Factor 4: Building Permits issued over the past several years are as follows:

Year	New Homes	Commercial Permits	All Others	Total
2003	1	5	29	35
2004	8	7	30	45
2005	1	6	26	33
2006	4	10	34	48
2007	4	6	31	41
2008	3	7	32	42
2009	1	7	40	48

Factor 5: Property Assessment Trends. Trend adjustments assigned by the city assessors are generally broken into five categories which include; trailers, residential land, residential improvements, commercial land and commercial improvements. Trend adjustments are shown as an increase/decrease from the previous year's value. Assessments have shown general trend adjustments as follows:

Year	Res. Land	Res. Imp.	Comm. Land	Comm. Imp.	Trailers
2004	0%	0%	0%	0%	-25%
2005	0%	0%	0%	0%	0%
2006	0%	0%	0%	0%	0%
2007	+10%	+10%	0%	0%	0%
2008	0%	0%	0%	0%	0%
2009	+10%	+10%	0%	0%	0%
2010	0%	0%	0%	0%	-10%

Factor 6: Taxable Property/Property Tax Levied. The total value of all property (less exempted property) in the city limits of Craig and the amount of property tax levied based on that total value are shown for 2005 – 2009. Changes in amounts are due to improvements, construction/reconstruction, boards of adjustment, and value trends (shown above). The levied property tax is 6 mills (0.6%) of the taxable value.

Year	Total Taxable Assessed Value	Total Levied Property Tax
2004	\$71,249,200	\$427,495
2005	\$71,564,400	\$429,386
2006	\$72,170,300	\$433,022
2007	\$72,705,900	\$436,235
2008	\$74,822,400	\$446,894
2009	\$80,925,667	\$485,554